

MARYLAND HEALTH CARE COMMISSION

UPDATE OF ACTIVITIES

July 2004

DATA SYSTEMS & ANALYSIS

Maryland Trauma Physician Services Fund

MHCC sent disbursement reports to all trauma physician practices and trauma centers that submitted applications to the Fund during the first cycle. The reports breakout approved payment amounts for each application. The Office of the Comptroller informed the MHCC that checks had been forwarded to practices and trauma centers by July 1, 2004. MHCC had established a July 1st deadline for completing all first cycle processing. Despite rather significant reporting issues, the State was able to meet the deadline.

The Fund's auditor, Clifton-Gunderson, LLP, contacted each of the level II and III trauma centers to begin the on-call costs review process. The notification outlined the needs of the engagement and sought to obtain additional information to facilitate the performance of the engagement. MHCC expects to receive the first reports from Clifton-Gunderson in early July. Clifton-Gunderson completed a work plan for uncompensated care. Staff is scheduled to review the work plan with them in July. Reviews of the physician practices will begin in late July.

MHCC staff assisted the office of the Chief Financial Officer at the National Children's Hospital in Washington DC with the Trauma Fund's standby expense application. Under the Maryland trauma law, Children's is eligible for a payment of up to \$275,000 per year to cover trauma standby expenses associated with providing care to Maryland trauma patients. Children's first application is due in early July.

The Department of Motor Vehicles (MVA) collected \$975,817.36 in motor vehicle registrations for the month of May. Since July 1, 2004, \$9,337,710 has been collected by the MVA.

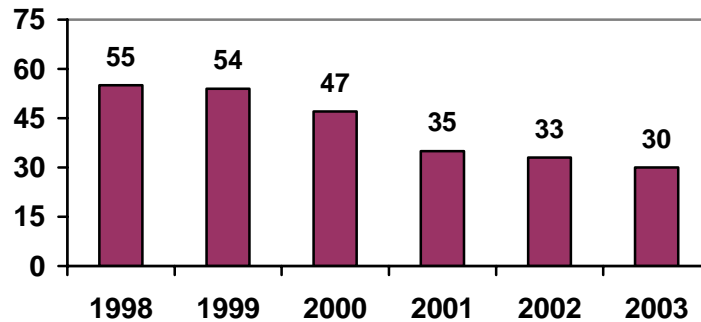
Data Base and Software Development

Medical Care Data Base

As required under COMAR 10.25.06, thirty insurance companies and HMOs will submit 2003 data on practitioner services and prescription drugs on or before June 30, 2004. Throughout the month, staff continued to provide technical support to a number of payers as they prepared their data submission. The number of submitting companies decreased slightly from last year as a result of further of market consolidation. Despite the decline in the number of submitting insurers, MHCC expects the number of services and the total number of covered lives reflected in the total data submissions to increase slightly.

Staff expects a further modest reduction in the number of submitting insurers for 2004. We have been notified that the 2003 submission will be the last from Maryland Fidelity Insurance Company and Golden Rule Insurance Company, given their recent acquisitions by United Health Group.

Medical Care Data Base Submitters 1998-2003



Note: the reduction of 12 insurers from the data submission from 2000 to 2001 was due to the permanent waiver of carriers that sell disease-specific insurance.

MHCC held a meeting with Aetna staff as part of our “pre-submission data validation” program in early July. MHCC had previously provided Aetna with validation information from the last year’s data submission. MHCC had specific questions on Aetna’s data submissions, especially regarding trends in utilization for several product lines. A review of the submission identified potential problems in several areas. MHCC has concluded that our existing delineations of insurance delivery systems and of insurance coverage types need revision. As delivery systems have multiplied and mutated over the past several years, the MHCC categorization of products into HMO, PPO, and traditional insurance have generally lost meaning. Aetna suggested that over the past several years it has been increasingly difficult to categorize many of its new products along traditional lines. Similarly, as employers have increasingly carved benefits into those they wish to insure, categorizing products as insured or fully self-insured is no longer meaningful. MHCC’s current delivery system definitions do not identify consumer directed products. Thus the MCDB can not be used to examine how these new products affect utilization. Aetna agreed to provide MHCC with more detailed definitions of its product types broken out along these dimensions. MHCC will use this information along with similar information provided by the other large payers to expand its categorizations of delivery systems and insurance coverage types.

MHCC also met with a representative of Aetna’s prescription benefit management program. Staff gained a better understanding of the pricing arrangements that exist between retail pharmacies, the PBMs, and the insurance carriers. Several alternatives were discussed on how to determine if a particular prescription was filled by a retail or mail-order provider. Aetna offered to provide a listing of NCPDP pharmacies numbers associated with its mail-order operations.

MCDB Request for Proposal

An MHCC Evaluation Committee has recommended that the procurement MHCC 05-001, “Data Collection Support and Analytic Report Development” be awarded to Social & Scientific Systems, Inc. in Silver Spring, Maryland. This three year contract with two one-year renewal options is set to go before the Board of Public Works for final approval on July 21, 2004.

Maryland 2003 Long-Term Care Survey

MHCC will release the 2003 Long-Term Care Survey on July 21, 2004. A July 7th letter informed facilities of the survey schedule, detailed how a facility can obtain training, and provided an overview on how the information will be used. Assisted living facilities also received a report on information the MHCC intends to make public beginning with the 2003 survey. Listed below is the survey schedule.

Table 1 Major Milestones for LTC Survey of 2003 Experience and Utilization

Mail Survey Instructions	July 7, 2004
Start of Survey	July 21, 2004
Last Day to Submit without Penalty	September 21, 2004

Cost and Quality Analysis

The Commission and the Department of Health and Mental Hygiene's Diabetes Prevention and Control Program (DPCP) held the kick-off meeting with Mathematica Policy Research (MPR) on the Quality of Care for Diabetic Patients. All of the necessary data use agreements and the necessary Medicare data files have been transferred to MPR. MPR will submit a detailed work plan to MHCC and DHMH in late July.

EDI Programs and Payer Compliance

HIPAA Awareness

Staff is revising the MHCC *Security Assessment Guide* to reflect changes in the requirements from the proposed regulations to the final regulations. The guide is intended to educate practitioners on the requirements, act as a source of information for completing a gap assessment, and aid in the development of policies and procedures. Staff anticipates presenting a draft version to the EDI/HIPAA Workgroup at the August 17th meeting.

MHCC's HIPAA education and awareness initiatives continued throughout June. Over the last month, staff received approximately fifteen telephone inquiries from payers and providers requesting consultative support on the regulations. MHCC is viewed by practitioners and health care facilities as a reliable source for obtaining HIPAA information. Last month staff provided support to the following groups:

- Maryland State Ambulatory Association – Worked with members of the Board to develop an EDI/HIPAA education session for early fall.
- Robinwood Medical Center – Presented on the security regulations to approximately 45 practice administrators.
- Doctors Community Hospital – Presented on the security regulations to approximately 80 office managers associated with the hospital.
- MedStar Health – Provided support in interpreting the implementation guide on the 837 claim transaction.
- Eastern Shore Dental Association – Developed a HIPAA awareness program for dentists at their fall conference.

- Western Maryland Health Systems – Provided support to the privacy officer on the privacy regulations.
- MedChi – Developed a series of HIPAA education programs for practitioners and office staff in Anne Arundel County.

EDI Promotions

Staff finalized the *Practice Management Software Self-Survey Evaluation Tool* and the *Payer Internet Resource Guide for Practitioners*. These resource guides are available at the MHCC Web site. Most medical and non-medical health care associations plan to distribute these resource guides at an upcoming meeting or annual conference. Staff initiated efforts to broaden the *Payer Internet Resource Guide for Practitioners* to smaller payers in the second version which should be available in early fall. The *Payer Internet Resource Guide for Practitioners* lists summary and detail information about payers' internet capabilities. Leading payers represented in the tool include CareFirst of Maryland, MAMSI Health Plans, Aetna Healthcare, CIGNA, and United Health Care.

Last month, staff was invited by the Executive Director of the Electronic Healthcare Network Accreditation Commission (EHNAC) to discuss accreditation concerns expressed to MHCC from current and prospective accredited clearinghouses at the Richmond, Virginia meeting. Staff presented on a number of accreditation issues brought to its attention over the last six months. The feedback was well received and EHNAC has agreed to make a number of operational enhancements designed to improve the accreditation process.

Staff reviewed Protologics self-assessment documentation with EHNAC. Protologics, a Maryland-based small business, is seeking certification under the Commission's small network certification program. Protologics is scheduled for a site review by EHNAC in July. Staff is currently reviewing MHCC certification documentation from MediFax, Eyefinity, and Mutual of Omaha's Medicare Crossover Clearinghouse. Staff provided consultative support to two networks in completing their MHCC certification application: Trojan Medical Services and GHN-Online. Preliminary MHCC certification discussions were held with Misys Transaction Services and MDOOn-line. Presently, twelve clearinghouses are MHCC certified and seven are in candidacy status.

Approximately 200 members of the Maryland Medical Group Management Association (MGMA) have responded to an MHCC questionnaire that sought to identify obstacles to submitting claims electronically. This information is used to better target efforts to promote EDI expansion with the leading payers. Staff met with the Vice President of Operations from CareFirst of Maryland (CareFirst) to review EDI adoption barriers and to discuss CareFirst's strategies for expanding EDI. Several educational opportunities were discussed with CareFirst staff that could be implemented to increase EDI among hospitals and practitioners. In July, staff plans to meet with Aetna Health Care of the Mid-Atlantic to discuss their EDI expansion initiatives. Staff plans to develop a provider EDI resource guide in the fall that will include a matrix of leading payers' EDI capabilities by service type.

EDI Progress Report Filings

Approximately fifteen payers requested support in completing their annual EDI Progress Report. Several times throughout the year staff provided payers contributing to the *EDI/HIPAA Progress Report* with education and awareness information relating to completing the report. A number of large payers recognized staff for their contribution in helping them to complete this year's report. COMAR 10.25.09 requires most payers doing business in the state to report on their share of electronic claims by June 30, 2004.

PERFORMANCE & BENEFITS

Benefits and Analysis

Comprehensive Standard Health Benefit Plan (CSHBP)

At the October 2003 meeting of the Commission, staff presented the analysis and staff recommendations on proposed changes to the CSHBP. The Commission approved the staff recommendations, along with the proposed draft regulations which were published in the *Maryland Register* on December 26, 2003, subject to a comment period which ended on January 27, 2004. No public comments were received. The Commission approved the adoption of the regulations as proposed at the February meeting. All adopted changes to the CSHBP were put into regulations and implemented, and went into effective on July 1, 2004.

At the May 2004 meeting, Commission staff presented the carrier financial survey for the year ending December 31, 2003. Mercer Human Resource Consulting (Mercer) has prepared an analysis on proposed benefit changes to the CSHBP. Staff will present this draft report at this month's meeting. Staff will then develop a report and recommendations on proposed changes (if any) to the Plan, which will be presented at the September meeting of the Commission for a vote.

Commission staff has developed a website to be used as a guide for small business owners in their search for health insurance for their employees. This "Guide to Purchasing Health Insurance for Small Employers" is available on the Commission's website at: www.mhcc.state.md.us/smgrpmt/index.htm. Commission staff has developed a bookmark describing information available on the small group website. This bookmark has been distributed to various interested parties, such as small business associations, Chambers of Commerce, the Maryland legislature, the Department of Labor, Licensing and Regulation (DLLR), and the Department of Business and Economic Development (DBED). As a result of the initial mailing, many of these organizations have requested additional bookmarks to distribute to their constituents.

Congress passed the Medicare Prescription Drug, Improvement and Modernization Act of 2003, authorizing the offering of health savings accounts (HSAs) in conjunction with high deductible health plans. This product will be available to small employers in Maryland effective July 1, 2004 if carriers elect to develop and market it. The CSHBP regulations have been modified to accommodate this offering during the transition period (for contracts sold between 7/1/04 and 12/31/04) and may have to be further modified to accommodate additional federal guidelines in the future.

The National Association of Health Underwriters (NAHU) has added a new section to its website entitled, "Understanding Health Savings Accounts." This link (<http://www.nahu.org/consumer/HSAGuide.htm>) also has been linked to the above-mentioned Commission website for small businesses.

In 2004, the Maryland General Assembly enacted SB 570, requiring the Commission to develop a Limited Health Benefit Plan that will be available to certain small employers beginning July 1, 2005. Commission staff has organized a work plan for this project. The first meeting of interested parties will be held on Friday, July 9th at MHCC beginning at 10:00 a.m.

The 2004 General Assembly also enacted SB 131, requiring the Commission and the Maryland Insurance Administration (MIA) to conduct a study of the affordability of private health insurance in Maryland. An interim report, including findings and recommendations from the study, is due by January 1, 2005. The final report is due by January 1, 2006.

Evaluation of Mandated Health Insurance Services (2003)

In November 2003, the *Annual Mandated Health Insurance Services Evaluation* (as required under Insurance Article § 15-1501, *Annotated Code of Maryland*) was released for public comment. The Commission's consulting actuary, Mercer, evaluated two stakeholder-requested mandates as to their fiscal, medical and social impact. No public comments were received; however, a subsequent meeting with one of the requesting legislators led to an alternative request for analysis. This subsequent analysis was produced as an addendum to the current report. At the December 2003 meeting, the Commission approved the current report for release to the legislature. The final report can be found on the Commission's website.

The 2003 General Assembly passed HB 605, "Evaluation of Mandated Health Insurance Services." As a result, § 15-1502 of the Insurance Article of the *Code of Maryland* was repealed; therefore, the Commission is no longer responsible for conducting a full review of each existing mandate if the 2.2-percent affordability cap is exceeded. However, § 15-1501 remains in effect, which requires the Commission to assess the fiscal, medical, and social impact of any mandates proposed by the General Assembly along with any other requests submitted by legislators as of July 1. Additionally, HB 605 reestablished § 15-1502, requiring the Commission to evaluate all existing mandates every four years, in terms of the following: (1) an assessment of the full cost of each existing mandate as a percentage of Maryland's average annual wage, as a percentage of individual premiums, and as a percentage of group premiums; (2) an assessment of the degree to which an existing mandate is covered by self-insured plans; and (3) a comparison of Maryland mandates to those provided in Delaware, the District of Columbia, Pennsylvania, and Virginia based on number of mandates, type of mandate, the level and extent of coverage for each mandate, and the financial impact of differences in level of coverage for each mandate.

A draft of the *Study of Mandated Health Insurance Services: A Comparative Evaluation* (as required under Insurance Article § 15-1502) was released for public comment on November 25, 2003. The Commission received public comments that opposed the elimination of the IVF mandate, which has been noted in the report. At the December 2003 meeting, the Commission requested that Mercer provide further analysis on the comparison of Maryland's mandates to those in other states before the report was approved for release to the legislature. At the January 2004 meeting, the final report was approved by the Commission. The report is available on the Commission's website.

Evaluation of Mandated Health Insurance Services (2004)

Pursuant to the provisions of § 15-1501(f)(2) of the Insurance Article, Commission staff has requested that members of the House Health and Government Operations and Senate Finance Committees submit any proposals for mandated health insurance services that they would like included in the annual evaluation. As required under current law, the Commission must evaluate all mandates enacted or proposed by the General Assembly and new suggestions submitted by a member of the General Assembly by July 1 of each year.

Actuarial Services Request for Proposal (RFP)

Commission staff is in the process of preparing a Request for Proposal (RFP) for actuarial consulting services. The RFP will be seeking actuarial services for two years, plus one option year.

Legislative and Special Projects

Uninsured Project

DHMH, in collaboration with the MHCC and the Johns Hopkins School of Public Health, was awarded a \$1.2 million State Planning Grant by the Health Resources and Services Administration (HRSA). HRSA is the federal agency that oversees programs to ensure access to care and improve quality of care for vulnerable populations. The one-year federal grant provides Maryland with substantial resources to examine the state's uninsured population and employer-based insurance market and to develop new models to make comprehensive health insurance coverage fully accessible to all Maryland residents.

Among the several activities, the grant will enable DHMH and MHCC to conduct further analysis of existing quantitative data sources (Maryland Health Insurance Coverage Survey, MEPS-IC, and CPS), as well as collect additional data that will help us design more effective expansion options for specific target groups. In addition, we have conducted focus groups with employers in order to better understand the characteristics of firms not currently participating in the state's small group market. For those firms currently participating in the CSHBP, issues were probed relating to costs of coverage and knowledge of the base CSHBP. In an effort to increase the take-up rate in the small group market, marketing materials were presented to the focus groups for review and modification. Shugoll Research was selected as the vendor to conduct these focus groups. The focus groups were completed on Friday, February 14, 2003, with over 70 employers and 20 brokers participating. A report summarizing the findings from the focus groups is available through a link on the Commission's website.

A sixth meeting with the Health Care Coverage Workgroup was held on March 1, 2004. This group, appointed by the former Deputy Secretary for Health Care Financing, is comprised of members who represent the provider, business, health care advocacy, and health care research communities in the State. During the March meeting, staff from the MHCC updated the Workgroup on current legislation in the Maryland General Assembly that attempt to improve access to health care coverage. In addition, staff from the Johns Hopkins University presented results on modeling the cost and impact of expanding Maryland's medical assistance program. Johns Hopkins staff also presented results from their analysis on options to expand coverage to young adults. The next meeting with the Workgroup has not been scheduled.

The grant team was awarded a one-year, no cost extension of the project timeline, with an interim report submitted to the Secretary of the Department of Health and Human Services (HHS) in November. DHMH has applied for another one-year, no cost extension to extend the grant activities to August 2005. During this period, DHMH will conduct a telephone survey of Medicaid recipients to clarify the discrepancy in data between the number of Medicaid enrollees listed in DHMH's administrative data and the number of Maryland Medicaid enrollees reported in the Census Bureau's Current Population Survey (CPS). MHCC staff is providing technical assistance. A final report is due to HHS at the end of the contract period. The final report must outline an action plan to continue improving access to insurance coverage in Maryland. A report outlining the options to expand coverage to Maryland's uninsured was delivered to the members of Maryland's General Assembly in February.

Patient Safety

Chapter 318 (HB 1274) of 2001 requires the Commission, in consultation with DHMH, to study the feasibility of developing a system for reducing preventable adverse medical events. A Maryland Patient Safety Coalition was initiated by the Delmarva Foundation and served as the Commission's sounding board for its activities related to patient safety. Three workgroups were

formed: one to look at issues related to systems changes to be recommended; one to address current regulatory oversight and reporting requirements; and a third to discuss issues related to a proposed Patient Safety Center.

A preliminary report, approved by the Commission at the December 2001 meeting, was sent to the General Assembly. One of the preliminary recommendations has been enacted by the General Assembly and signed by the Governor. That bill removes the medical review committee statute that applies to all health care practitioners from the BPQA statute, where it is currently codified, and places it in a separate subtitle within the Health Occupations Article to make practitioners more aware of the protections available to them. It also codifies case law to clarify that certain good faith communications designed to lead to remedial action are protected even when they are not made directly to a medical review committee or committee member, but are nevertheless designed to remedy a problem under the jurisdiction of a medical review committee. The final report has been approved by the members of the Commission and was submitted to the members of the Maryland General Assembly in January. A bill was introduced in the House to grant medical review committee status to the Maryland Patient Safety Center, as designated by the Commission. This bill will grant protections against legal liability and disclosure of information. It passed out of both Houses and was signed into law by the Governor.

The Maryland Patient Safety Coalition met in January and discussed the status of various activities the Coalition is undertaking. MHCC staff is working with the Coalition on the development and implementation of several activities. In addition, Rosemary Gibson, author of *Wall of Silence*, spoke to the Coalition about the need for better communication between health care providers and patients and their family members when an adverse event or near miss occurs, and the importance of public support for patient safety. The next Coalition meeting has not been scheduled.

Commission staff released a request for proposal (RFP) to designate the Maryland Patient Safety Center (MPSC). The Maryland Hospital Association and the Delmarva Foundation have been selected to jointly develop and operate the MPSC. Both organizations have agreed to fund the Center for the first three years. The Health Services Cost Review Commission recently approved funding the MPSC during its first year (\$762,500) through increased hospital rates. This amount is equivalent to 50% of the anticipated Center expenses, and will be used in conjunction with funding from the MHA, Delmarva, and Maryland hospitals. A press conference announcing the designation was held on June 18, 2004 in Annapolis.

2004 Legislative Session

Two bills that directly affect the Commission's activities passed this session. One bill is Senate Bill 570, "Health Insurance – Small Group Market – Limited Health Benefit Plan." This bill requires the MHCC to develop a uniform set of effective benefits to be included in a limited health benefit plan. The Limited Health Benefit Plan will be offered in the small group market. The actuarial value of the limited plan cannot exceed 70% of the actuarial value of the CSHBP as of January 1, 2004. Small employers that have not offered the CSHBP within the past twelve months and for which the average annual wage of the small employer's employees does not exceed 75% of the average annual wage are eligible for the limited plan. Language in the bill requires that the MHCC and the Maryland Insurance Administration (MIA) ensure that the limited plan is available in the small group on July 1, 2005.

Another bill that passed requires the MHCC and the MIA to conduct a study of the affordability of private health insurance in Maryland. Senate Bill 131 and House Bill 845, "MHCC & MIA – Affordability of Health Insurance in Maryland – Study and Recommendations," requires the

MHCC to study the factors that contribute to increases in health care costs, such as utilization and other cost drivers. An interim report is due on or before January 1, 2005 and a final report is due on or before January 1, 2006.

2005 Legislative Session

Staff is drafting a departmental bill for introduction during the 2005 legislative session to allow reasonable penalties to be applied to those entities that have failed to obtain a Certificate of Need (CON) or a required exemption when they were obligated under statute to do so and have proceeded with the project without Commission authorization. The proposed bill will also extend MHCC authority to impose reasonable penalties on entities that have received a CON but have not fulfilled required performance standards (i.e., a facility that was supposed to be constructed and operational by a certain date but has not opened thus denying timely access to services to those in need). In addition, it will specify in law that monetary penalties imposed by the Commission may not exceed \$1000 per violation for each day the violation continues and will specify the factors used to determine the amount of any fine. Finally, the bill will increase, for hospitals only, the capital expenditure threshold that requires a CON from \$1.25 million (required to be adjusted for inflation – now stands at approximately \$1.6 million) to \$2.5 million (adjusted for inflation annually).

Facility Quality and Performance

Nursing Home Report Card

Chapter 382 (SB 740) of 1999 requires the Commission, in consultation with the Department of Health and Mental Hygiene and the Department of Aging, to develop a system to comparatively evaluate the quality of care and performance of nursing facilities. The web-based Nursing Home Performance Evaluation Guide is available through the Commission's website. The Guide includes a Deficiency Information page, data from the Minimum Data Set (MDS) and the MHCC Long Term Care Survey, as well as an advanced search capability, allowing consumers to search by facility characteristics and certain services.

In addition to indicators selected by the Maryland Nursing Home Performance Evaluation Guide Steering Committee, the site also includes the quality measures that are reported on the CMS Nursing Home Compare Website. Inclusion of this information on the Maryland site provides consumers with the ability to obtain comprehensive information in one location. The CMS measures were enhanced in January 2004 and are now consistent with the consensus recommendations from the National Quality Forum. The fourteen enhanced quality measures build on the original ten measures and provide additional information to help consumers make informed decisions. The Web site was updated with the new measures on March 15, 2004.

Evaluation of the Nursing Home Guide: On August 25, 2003, the Commission contracted with the Lewin Group to perform an evaluation of the nursing home performance evaluation guide. The purpose of this procurement is to conduct interviews with consumers and discharge planners to test the Guide in real-time with respondents using computers. The objectives of the study included: (1) evaluating consumer/professional usage, preferences, and understanding of the Guide; (2) determining ease in navigating through the website; (3) developing recommendations to improve the Guide; and (4) recommending outreach strategies to increase the utilization of the Guide.

All interviews were completed in January 2004 and a draft report was presented to the Nursing Home Performance Evaluation Guide Steering Committee for review and comment. The Lewin Group presented the final report to the Commissioners during the April 15, 2004 meeting. The

Nursing Home Report Card Steering Committee will prioritize the recommendations over the summer.

Nursing Home Patient Satisfaction Survey: The Commission also contracted for the development of a nursing home patient satisfaction survey or the recommendation of an existing tool that provides information for consumers that can be integrated into the Maryland Nursing Home Performance Evaluation Guide by: (a) reviewing and summarizing existing nursing home satisfaction surveys and implementation processes developed by the federal government, state agencies, other public organizations and private entities or organizations; (b) discussing the cost of administration for each approach; (c) identifying the strengths and weaknesses of the various approaches and indicating whether a similar approach is feasible in Maryland; (d) designing or modifying a survey tool; and (e) proposing a plan for administering the tool including estimated implementation costs and timelines.

A report that included a review of the literature and interviews with various States was presented to the Nursing Home Report Card Steering Committee during their January 2004 meeting for review and comment. The report provided recommendations to guide the selection of a tool for the State. Given the length of the report and the importance of the recommendations, Steering Committee members were provided with additional time to review and comment on the document and they were encouraged to share the report with the members of their various organizations. Very few additional comments were received.

The Nursing Home Performance Evaluation Guide Steering Committee met on March 26, 2004 and recommended that we proceed with the self-administered family satisfaction survey as soon as possible. The Nursing Home Steering Committee met on June 1, 2004 to discuss the specifications for the RFP. The RFP is now under development for release in August. Representative from CMS and AHRQ also attended the June 1, 2004 meeting and presented an update on the Nursing Home Resident Satisfaction Survey (Nursing Home CAHPS). The Steering Committee agreed to pursue a pilot project in collaboration with AHRQ to pilot the Nursing CAHPS tool.

Nursing Home Patient Safety: The Steering Committee began discussion of nursing home patient safety measures that are appropriate for public reporting. The Committee was presented with an overview of the literature and activities and other states as well as a list of 10 common patient safety measures. The Steering Committee agreed that we should begin with reporting health care acquired infections and staffing as two indicators of safety.

Hospital Report Card

Chapter 657 (HB 705) of 1999 requires the Commission to develop a performance report on hospitals. The required progress report was forwarded to the General Assembly. The Commission also contracted with the Delmarva Foundation, in partnership with Abt Associates, to: (1) analyze hospital data to develop appropriate indicators for inclusion in the Hospital Performance Evaluation Guide, and (2) design and execute a consumer-oriented website for the Guide. The initial version of the Hospital Performance Evaluation Guide was unveiled on January 31, 2002.

A new edition of the Hospital Guide was released during a press conference held on May 16, 2003. The revised Guide included quality of care information specific to the treatment and prevention of congestive heart failure and community acquired pneumonia including individual hospital rates, the state average, and the highest rate achieved by a hospital for each of the measures. The first sets of conditions were selected from the Joint Commission on Accreditation of Healthcare Organization's (JCAHO's) ORYX initiative, which collects quality of care

information from hospitals in a method designed to permit rigorous comparisons using standardized evidence-based measures. The quality measures data were updated in June to include information from the 3rd and 4th quarter 2003. During this update, the time period for administering an antibiotic for pneumonia within a timely manner was reduced from 8 hours to 4 hours. Additionally, the percent of patients receiving the recommended pneumococcal vaccination prior to discharge was added to the site.

The Hospital Guide continues to feature structural (descriptive) information and the frequency, risk-adjusted length-of-stay, and risk-adjusted readmissions rates for 33 high volume hospital procedures. DRG data were updated to include admissions occurring between December 1, 2001 and November 30, 2002 and was posted on the Website in November 2003.

New Core Measures: The MHCC Commissioners approved the release of a call for public comments regarding MHCC's intent to collect JCAHO's acute myocardial infarction (AMI) measures and to investigate obstetrical measures that may be suitable for public reporting. Public comments were received from July 1, 2003 through July 11, 2003. There were no comments submitted that precluded proceeding with the collection of the measures; therefore, hospitals were instructed to begin collection of AMI data effective October 1, 2003. The 4th Quarter 2003 AMI pilot data was provided to the hospitals for review on June 7, 2004. The Hospital Performance Evaluation Guide Steering committee will also analyze the data and make recommendations for public reporting in the fall of 2004.

Obstetrics Measures: The Commission also convened an Obstetrics Workgroup to examine potential structure, process, and outcome measures that are appropriate for public reporting via the Guide. The workgroup has met three times with the last meeting held on February 29, 2004. The initial set of 42 recommended elements was forwarded to the Hospital Performance Evaluation Guide Steering Committee and they were approved. The Commission's contractor, Delmarva Foundation, subsequently extracted the data for each of the elements using the HSCRC data base. The obstetrical data along with an obstetrical services survey was sent to each hospital for review. Several Web pages were then developed to display the data. A press conference was held on May 13, 2004 to roll out the revised Guide. MHCC and HSCRC Commissioners, representatives from DHMH, legislators, providers, and consumers participated in the event.

Patient Safety Public Reporting Workgroup: The first meeting of the Patient Safety Public Reporting Workgroup was held on February 13, 2004. The purpose of this workgroup will be to examine potential patient safety measures that are appropriate for public reporting via the Maryland Hospital Performance Evaluation Guide. During the first meeting, the workgroup was provided with a brief overview of the current Guide and a presentation on measures that are available or publicly reported by other states and organizations.

The workgroup met again on March 26, 2004 to consider specific patient safety measures. They agreed to report the LeapFrog measures that are related to the availability of intensivists in the ICU and computerized physician order entry systems. They also agreed to report as many of the AHRQ patient safety indicators as possible that can be supported by valid Maryland data. Staff will work with the HSCRC, AHRQ, and others to produce data reports for committee review. Lastly, the workgroup recommended that the JCAHO patient safety measures be reported when they become available by either linking to the JCAHO report or adding the data to the Maryland Guide directly.

Evaluation of the Hospital Guide: On August 25, 2003, the Commission contracted with the Lewin Group to perform an evaluation of the hospital performance guide. The purpose of this

procurement is to conduct interviews with consumers, primary care physicians, and emergency department physicians to test the Guide in real-time with respondents using computers. The objectives of the study included: (1) evaluating consumer/professional usage, preferences, and understanding of the Guide; (2) determining ease in navigating through the website; (3) developing recommendations to improve the Guide; and (4) recommending outreach strategies to increase the utilization of the Guide.

All interviews were completed in January 2004 and a draft report was presented to the Hospital Performance Evaluation Guide Steering Committee for review and comment. The Lewin Group presented the final report to the Commissioners during the April 15, 2004 meeting. The Hospital Report Card Steering Committee will prioritize the recommendations over the summer.

CMS Pilot Project: The Delmarva Foundation was awarded the 'lead state' status to head a three-state hospital public reporting pilot project initiated by CMS. The Hospital Report Card Steering Committee serves as the steering committee for the pilot. The Committee serves as the primary vehicle for obtaining input and consensus prior to initiating the state specific activities.

As a part of the pilot, hospitals from the three states participated in a patient satisfaction survey. Information from this survey is confidential. The draft survey was developed by the Agency for Healthcare Research and Quality (AHRQ) and draws upon seven surveys submitted by vendors, a review of the literature, and earlier CAHPS work. The pilot project began with a public call for measures in October 2002. The actual survey process began the first week of June 2003 and concluded in August 2003. The survey data were analyzed in December 2003. The final instrument was released by CMS for review and public comment through February 2004.

The Maryland Performance Evaluation Guide Steering Committee received a briefing on the pilot results during the January 27, 2004 meeting and agreed that Maryland should pursue the use of the tool to collect patient satisfaction data for the *Maryland Hospital Performance Evaluation Guide*. MHCC staff then met with representatives of CMS and AHRQ to discuss an additional pilot of the tool that will take place this summer. A proposal with a complete study design was submitted to AHRQ on April 6, 2004 to request permission to use the HCAHPS tool.

Other Activities: The Facility Quality and Performance Division is also participating in the planning process for a new Health Services Cost Review Commission (HSCRC) Quality Initiative designed to evaluate and recommend a system to provide hospitals with rewards and/or incentives for high quality care. Staff attends the HSCRC Quality Initiative Steering Committee meetings on an ongoing basis. The draft report of the HSCRC Steering Committee was also presented to the Hospital Performance Evaluation Guide Steering Committee on January 27, 2004 for review and comment. HSCRC is in the process of selecting members to serve on various workgroups. MHCC staff has been involved with the selection process.

Ambulatory Surgery Facility Report Card

Chapter 657 (HB 705) of 1999 also requires the Commission to develop a performance report for Ambulatory Surgery Facilities (ASFs). The Commission developed a web-based report that was also released on May 16, 2003. The 2002 data are now available and were added to the site in January 2004.

The website contains structural (descriptive) facility information including the jurisdiction, accreditation status, and the number and type of procedures performed in the past year. The site will also include several consumer resources.

An ASF Steering Committee was convened to guide the development of the report and will consist of representatives from a multi-specialty facility, a large single specialty facility, an office based facility, a hospital based facility, and a consumer representative. An exploratory meeting was held with a subset of this group in January 2003. Subsequently, the Steering Committee provided input on several of the proposed web pages including a consumer checklist, glossary, and list of resources.

HMO Quality and Performance

Distribution of Publications

Distribution of 2003 HMO Publications

Cumulative distribution: Publications released 9/29/03	9/29/03- 6/30/04	
	Paper	Electronic Web
Measuring the Quality of Maryland HMOs and POS Plans: 2003 Consumer Guide (25,000 printed)	19,290	Interactive version Visitor sessions = 2,170
		PDF version Visitor sessions = 2,556
2003 Comprehensive Performance Report: Commercial HMOs & Their POS Plans in Maryland (700 printed)	448	Visitor sessions = 1,336
Measuring the Quality of Maryland HMOs and POS Plans: 2003 State Employee Guide— 60,000 printed and distributed during open enrollment		

**7th Annual Policy Report (2003 Report Series) –
Released January 2004; distribution continues until January 2005**

Maryland Commercial HMOs & POS Plans: Policy Issues (1,000 printed)	713	Visitor Sessions = 443
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June distribution included remaining shipments to private schools requesting materials for their employees, several individual mailings to consumers and small businesses, and larger shipments to MAMSI and the Maryland Insurance Administration (MIA). The MIA will use the cases of materials provided by MHCC for outreach activities planned this summer at community functions such as the State Fair.

Electronic distribution of web-based versions of HMO performance reports has been consistent each month subsequent to the initial high levels of requests shortly after their fall release. On average, requestors select the PDF version 200 times per month and the interactive version 172 per month. HMO Quality and Performance Division staff has examined the costs associated with producing the interactive version of the *Consumer Guide*, activity levels of web site visitors requesting this version, and utility of this format. Although visitors to the MHCC web site select the interactive version with generally equal frequency as they do the PDF version, the additional production costs and limited number of plans currently available do not support continued

production of this version. MHCC will not exercise its option to continue contracting for services with the web application design vendor Glows in the Dark. Fall release of the 2004 *Consumer Guide*, therefore, will result in the availability of the static version (PDF) only.

Staff is beginning to focus attention on work preliminary to contacting businesses that conduct their open enrollments in November. By August, staff will mail samples of the *Consumer Guide* and order forms to large employers throughout the state.

2004 Performance Reporting: HEDIS Audit and CAHPS Survey

HEDIS Audit Activities: HealthcareData.com (HDC), the contractor for the HEDIS audit, has completed five of seven deliverables for the 2004 audit season. By the June 15th deadline, HDC provided MHCC and its contractor for report development (NCQA) with rates and audit designations for all 2004 measures. This contractor has provided this supplemental report annually since 2002, which enables earlier review and analysis of material under consideration for each publication.

While reviewing each plan's 2004 performance results, Division staff has concentrated additional efforts on examining the underlying data for each rate. Staff is currently working with the audit contractor in conducting further validation activities. Although every plan had reportable rates for every measure this year, additional scrutiny is being given to results that are in the 90th percentile or classified as outlier rates.

Consumer Assessment of Health Plan Study (CAHPS Survey): The response rate to the CAHPS survey in 2004 was lower than in 2003 as noted in last month's update. Since that report, the survey's administrator has examined all of the statistics related to the administration of the survey, including a comparison of 2004's scores, mailing dates, ineligible recipients, and refusals to the same information for 2003 and found nothing out of the ordinary. There were fewer completed surveys obtained by telephone in 2004, but this difference does not help explain the overall difference. Nevertheless, a sufficient number of responses were obtained for each plan to facilitate reporting.

A plan-specific report of the results of the survey was mailed to each plan that participated in the current year's reporting effort on July 1st. MHCC received copies of these reports as well as a summary report of all plans shortly thereafter. This year's report contains new analyses that were requested by MHCC of Emergency Department (ED) data. These analyses shed light on ED utilization and are undergoing consideration for inclusion in the *Consumer Guide* and the next edition of the *Policy Issues* report that will be released in January 2005.

Report Development—2004 Report Series

HMO Quality and Performance staff continues to meet weekly with the report development contractor in drafting the *Consumer Guide*. Style, layout, and theme are set after encountering copyright issues for artistic material selected for this year's cover. With aesthetic issues resolved discussions among team members have concentrated on keeping the theme uniform and clarifying content issues. Work will soon begin on the *Comprehensive Report* and the *Employee Guide*.

Other Activities

The America's Health Insurance Plans Institute was held in Chicago in June. Staff attended this annual trade conference to participate in learning workshops on quality improvement, consumer choice, and improving health care access.

HEALTH RESOURCES

Certificate of Need

During June 2004, Staff issued six determinations of non-coverage by Certificate of Need (CON) review; four of these determinations involved office-based ambulatory surgical capacity, and two dealt with licensure issues.

Metropolitan Ambulatory Care Limited Liability Company, an existing office-based surgery center on St. Paul Street in Baltimore City, received confirmation that Certificate of Need review is not required for the acquisition of ownership interests in the center now held by three physicians by the owner of the remaining interest, an entity wholly owned by Mercy Medical Center, and the subsequent transfer of that entity to Mercy's direct ownership and control.

Staff also issued determinations of non-coverage by CON review to the William E. Becker Ambulatory Surgery Center in Allegany County for the addition of a third non-sterile procedure room to its existing center; to the Baltimore Spine Center to establish an ambulatory surgery center with one operating room and one non-sterile procedure room in Baltimore County; and to the Maryland Endoscopy Center, responding to a notice of a change in the composition of its ownership.

Determinations of non-coverage by CON review were also issued to Hartley Hall of Worcester County for the temporary delicensure of 11 comprehensive care facility (CCF) beds, taking the facility from 81 to 70, and to Bayside Care Center at Lexington Park in St. Mary's County for the temporary delicensure of 15 CCF beds, taking the facility from 125 to 110 CCF beds.

Staff continues the process of reviewing and analyzing applications from Holy Cross Hospital, Southern Maryland Hospital Center, and Suburban Hospital for the establishment of a cardiac surgery and percutaneous coronary intervention service in the Metropolitan Washington area.

Commission Staff will post proposed revisions to COMAR 10.24.01, Determination of Certificate of Need for Health Care Facilities on the MHCC website for informal public comments by the end of July 2004. Included will be technical changes that eliminate obsolete provisions and terms, needed clarifications (such as defining the initiation of construction), and other matters.

Acute and Ambulatory Care Services

On Monday, June 28, 2004, the Commission sponsored a one-day workshop on the relationship between patient safety and hospital facility design, *Incorporating Patient Safety and Facility Design in the State Health Plan for Maryland Hospitals*. Over 100 people attended the workshop. The workshop provided a forum for discussion with Maryland providers, architects and engineers of planning and designing hospital renovation, new construction or replacement projects, and an opportunity to elicit their input in the development of a policy framework for the SHP to promote explicit consideration of patient safety for hospital capital projects reviewed under the CON program.

The primary presenters for this workshop were John Reiling, MHA, MBA, President and Chief Executive Officer, St. Joseph's Community Hospital in West Bend, Wisconsin, and Tom Wallen,

AIA, Principal, Gresham Smith and Partners, Nashville, Tennessee, who together with St. Joseph's Community Hospital and Gresham Smith, designed a replacement facility for St. Joseph's. Their approach to the design process, and the resulting design principles and design features, is an inspiring example of incorporating principles of quality into facility design that has been described in over 20 publications, including the *Joint Commission Journal on Quality and Safety*. Because the Commission anticipates a large number of major capital renovation and expansion projects from hospitals over the next few years, improving patient safety will be an important component of the revised State Health Plan chapter for Acute Care Hospitals. The input from this workshop should provide a framework for the SHP's policy approach to incorporating the best patient safety and facility design principles through the CON process.

The Commission will release the ***Annual Report on FY 2005 Licensed Acute Care Hospital Bed Capacity***, which reflects Maryland's acute general hospitals' new licensed acute care bed capacity, effective July 1, 2004. The annual process of designating each hospital's licensed capacity, based on 140% of the previous year's average daily census, is a coordinated effort by the Office of Health Care Quality, the Health Services Cost Review Commission, and the Maryland Health Care Commission, including the participation of all acute care hospitals in the State. The licensed capacity shown in the report represents the single official acute care hospital bed inventory. New in this report this year is an inventory of emergency department treatment capacity, an inventory of critical care beds, and an inventory of self-reported total available physical acute care capacity.

The third annual report on ***Maryland Hospital Obstetric Services: Trends and 2008 Utilization Forecast*** is being prepared for release this month. This report updates information prepared by the Commission last year on trends in the population of females between ages 15 and 44, trends in births and birth projections, and trends in hospital utilization and reimbursement.

Pursuant to the approval of the modification to Holy Cross Hospital's Certificate of Need at the Commission's March 19, 2004 meeting, Holy Cross Hospital agreed to submit monthly reports to the Commission on the status of its construction project. The purpose of these reports is to advise the Commission about any potential changes to the terms of the modified CON, including changes in physical plant design, construction schedule, capital costs, and financing mechanisms. The hospital's July update report states that no changes are necessary to the project cost, the design or the financing of this project. Consistent with last month's report, the hospital has submitted a separate request for extensions of the performance requirements for this project, which is currently under review by Commission staff.

Staff continues to represent the Commission in planning efforts regarding 'surge capacity'. A meeting of a technical advisory group stemming from the Governor's Emergency Management Advisory Council was held on May 6, 2004 in Annapolis to discuss the coordination of efforts among the component groups in Maryland, Baltimore and the National Capital Region. Input from this group will be reported to the Health and Medical Committee of the Governor's Council.

Long Term Care and Mental Health Services

The report entitled *Nursing Home Occupancy Rates and Utilization by Payment Source: Maryland, Fiscal Year 2002* was presented to the Commission at its June meeting. This report is currently available on the Commission's website and is being prepared for publication.

Staff from the Long Term Care Division attended the Department's Nursing Home Liaison Committee meeting on June 30th. Several items were discussed that have a potential impact on

our projections of nursing home bed need. First, the Department plans to apply to The Centers for Medicare and Medicaid Services (CMS) for a waiver in order to develop a mandatory managed long term care system. This system would be similar to the Health Choice System for acute care. It would be required for all persons who are nursing home eligible under Medicaid as well as those who are dually eligible (Medicare and Medicaid).

There was also a discussion of SB 620, passed during the 2004 session, which requires Medicaid to make nursing home residents aware of community-based alternatives. Although this was required in the past pursuant to the Supreme Court case (*Olmstead v. L.C.*), this bill requires the Department to report annually to the legislature on its efforts to promote home and community-based services, numbers of persons referred to home and community-based services, and the obstacles to implementing such discharges. The staff will continue to work with Medicaid in developing assumptions about future utilization of nursing home services in Maryland.

On Wednesday, July 7, staff from the Long Term Care Division attended the Office of Health Care Quality's Assisted Living Forum. At this meeting, future regulatory changes relating to assisted living services in Maryland were discussed.

Specialized Health Care Services

On June 25, 2004, the Organ Transplant Projections for Target Year 2006 were published in the *Maryland Register*, in accordance with COMAR 10.24.15. Staff continued the collection of survey data for the first quarter of calendar year 2004.

Under COMAR 10.24.17, a hospital receiving a primary percutaneous coronary intervention (PCI) waiver from the Commission shall agree to collect and report complete and accurate demographic, clinical, process, and outcome data for primary PCI patients on a schedule and in a format specified by the Commission. Staff is scheduling a conference call meeting of the Primary Angioplasty Data Collection Work Group to discuss the necessary data elements.

The Work Group on Rehabilitation Data will meet to discuss quarterly discharge abstract and survey data at 1:00 p.m. on July 22nd in Room 100 at 4160 Patterson Avenue, Baltimore, Maryland 21215.